

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Policy for Use of Irrevocable Letters of Credit in Lieu of Cash Payments
for Sewer Capacity Commitments for Major Subdivisions

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Purpose

To provide a policy authorizing, in certain circumstances, the use of letters of credit in lieu of cash payments for sewer capacity commitments for those major subdivisions in Sanitation Districts under the control of the Board.

Background

The sewer capacity commitment ordinances were adopted by the Board in May, 1980, in order that Sanitation Districts under the Board's control would be able to acquire monies for proposed capital improvements to serve future needs. These ordinances were required to assure the availability of facilities when needed.

Since there is a long lead time in the planning and development of additional improvements to serve proposed developments, the Districts must have the monies, or access to the monies, in their capital improvement funds to guarantee the proposed construction.

There may be cases in connection with major subdivisions where the developer, because of the economic situation prevailing at the time in the housing and construction industry, desires to defer construction of the public facilities and buildings.

In these instances, the Sanitation Districts could issue sewer capacity commitments with irrevocable letters of credit for a period of two years with the provision of an extension of an additional two years. This would give the Districts the ability to draw monies from the letters of credit, if needed, for any major construction.

Policy

It is the policy of the Board of Supervisors that:

1. An irrevocable letter of credit may be used in lieu of cash payment for sewer capacity commitments on a major subdivision when approved by the Board of Supervisors. This may be allowed for developers who desire to defer the application for building permits for a long period of time after recordation of final map.
2. Approval for the use of an irrevocable letter of credit, in lieu of cash, is not automatic. Each request will be reviewed and approved on a case-by-case basis.
3. All conditions in the Resolution of Approval of the Tentative Map and approval of an irrevocable letter of credit by the Board of Supervisors must be satisfied prior to the recording of the map.

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4. The use of an irrevocable letter of credit, in lieu of cash payment for sewer capacity commitments for major subdivisions, is limited to a term of two years from the date the final map is recorded. It may be extended for another two years subject to approval by the Board of Supervisors. It should be noted that if funds are needed for replacement or construction of sewer facilities, the Sanitation District will draw monies from the letter of credit for such design and construction.
5. The irrevocable letter of credit will be with the Sanitation District within which the proposed subdivision lies.

Sunset Date

This policy will be reviewed for continuance by 12-31-03.

Board Action

2-3-82 (29)

7-26-88 (43)

12-12-89 (49)

6-5-90 (43)

9-25-90 (41)

7-14-99 (4)

CAO Reference

1. Department of Public Works